



Summer 2005

Presentation to
Indiana Utility Regulatory Commission
May 5, 2005

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System Peak

- **Summer 2004 – 1,093 MW**

- ✓ HE 17:00 on July 14

- **Summer 2003 – 1,081 MW**

- ✓ HE 18:00 on August 21 and HE 17:00

Projected Peak (MW)

Load	Jun	Jul	Aug
Members and Troy Municipal	1,066	1,290	1,271
WVPA	<u>204</u>	<u>240</u>	<u>240</u>
Forecast Peak	1,270	1,530	1,511
10% Reserves	<u>127</u>	<u>153</u>	<u>151</u>
Total Req.	1,397	1,683	1,662

Projected Resources (MW)

Resource	Jun	Jul	Aug
Merom (net of unit power sale)	600	600	600
Ratts	244	244	244
Worthington	174	174	174
Lawrence County	172	172	172
Forwards/Options	<u>221</u>	<u>521</u>	<u>521</u>
Total Resources	1,411	1,711	1,711

Projected Capacity Factors

<u>Resource</u>	<u>July 2005</u>
Merom	87%
Ratts	77%
Forwards	45%
ATM Options	28%
Worthington	11%
Lawrence County	7%
Tolling Agreement	6%
OTM Options	5%

Lawrence County

■ 172 MW CT Facility

■ Construction progress

- ✓ Declared commercial in May 2005
- ✓ On-schedule and within budget
- ✓ Dedication scheduled for July 13



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Midwest ISO

■ Administrative cost

- ✓ \$4 million

■ Market cost

- ✓ Higher energy prices
- ✓ Cin Hub prices are now greater than AEP/Dayton Hub prices

■ Unit Commitment

- ✓ CTs dispatched during mild weather
- ✓ Recovery of cost and additional uplift charges are uncertain

Risk Management Strategies

- **Unit Contingent Insurance**
- **Cooling Towers at Ratts**
- **Summer Preparation Outages**
- **Commodity Risk Management**

Transmission & Substations

- **Continued investment for growth and reliability**
- **Adding new Primary Sub (Victory - north of Jasper)**
 - ✓ Moved up 1 year; in-service June 2006
 - ✓ To support Hoosier and Vectren load
- **Transmission**
 - ✓ 6 miles of new 69kV
 - ✓ 40 miles of upgraded 69kV
- **3 new and 7 upgraded substations**
- **South loop of digital microwave system completed**
- **Purchase of subs to serve Jackson Co. REMC**